

**From the Director:**

As a result of our yearly actuarial study, rate increases have been recommended and approved by the Patient's Compensation Fund Oversight Board. These new rates have been submitted to the La. Department of Insurance and if approved, would become effective January 1, 2007. The average rate change being requested for physicians is an increase of 11%. The actual increases will range from 7.6% to 13.1%, depending on the classification of the physician. The requested increase for hospitals and nursing homes is 10.4%. Some providers will not have any increase in rates. The overall increase for all providers combined is 10.2%,

The proposed rate changes are as follows:

Physicians Classes 1, 3, 5, 7, 8, 8A - increase of 10.4%

Physicians Classes 1A, 2, CRNAs - increase of 7.6%

Physicians Classes 2A, 4, 6 - increase of 13.1%

Hospitals - increase of 10.4%

Nursing Homes - increase of 10.4%

Registered Nurse Practitioners, Registered Nurse Physician Assistants and Surgical Assistants, Nurse Midwives- increase of 10.4%

Other Class (chiropractors, home health, pharmacist, optometrist, etc),and dialysis centers, blood centers and surgery centers - no change

Dentist, Oral Surgeons - no change

A portion of the rate increase will go towards the LPCFOB's efforts to maintain an appropriate surplus level and decrease the unfunded liability level. This continues to be necessary to ensure the solvency of the Fund and creditability of this agency and this State as a leader in the medical malpractice insurance arena. It should be noted that the FY 05-06 claim budget had to be increased by \$17,000,000, to a total of \$97,000,000, so that this agency could pay the increased volume of settlements and judgments seen following the 2005 hurricanes. It is anticipated that the FY 06-07 claims budget of \$85,000,000 may also need to be increased. This, combined with lower than expected collections in surcharges in calendar year 2005, has had an impact on the surplus level, which in turn impacts the unfunded liability.

The proposed rate increase was not undertaken lightly. The Patient's Compensation Fund Oversight Board, as fellow physicians and health care administrators, are also affected by an increase in rates. The Board realizes this is a difficult time for a large number of the health care providers in this state; however, in order to maintain the integrity of the Fund, they feel a rate increase is necessary.